



British Columbia
Liquor Distribution Branch

Three Year Corporate Strategy

A Service Plan for 2002 - 2004

Letter from the General Manager

I am pleased to present the Liquor Distribution Branch's three-year service plan: our corporate strategy for 2002-2004.

As in previous years, we have developed this plan around our four pillars of excellence: Customer Service, Business Effectiveness, Workplace Quality and Social Responsibility. Each of the four pillars supports our objective of contributing dollars to the government of British Columbia, while supporting the achievement of our overall mission.

In any strategic plan, follow-up and accountability are essential. We will continue to measure progress in a disciplined way, and we will work to make sure that departments, work units and stores are aligned to the corporate strategy in everything they do.

As this plan goes to print, the LDB is preparing for a Core Services Review of our business operations. This process is scheduled for Spring 2002. While the review may necessitate changes to this plan, as a retailer, the LDB embraces change and subsequent growth. As many have heard me say many times, change is the only constant in retail.

On a final note, I thank LDB employees for the enthusiastic support they have given to our strategic goals and objectives in recent years. Ultimately, it is our staff who make this strategic plan a reality. I welcome everyone to join me as we move ahead to new and exciting times.

Jay Chambers
General Manager

Corporate Profile

The Liquor Distribution Branch (LDB) regulates the distribution, importation and retailing of beverage alcohol in the province of B.C. by mandate of the Liquor Distribution Act.

LDB resources include:

- 227 government liquor stores
- Two distribution centres
- More than 3,500 full and part-time employees

LDB operating business departments include:

- Retail Services (Store Operations, Distribution, Property Management and Merchandise Services)
- Finance
- Human Resources
- Information Services
- Corporate Policy
- Communications
- Corporate Strategy & Change Management
- Loss Prevention
- Legal Services
- Audit

As of December 31, 2001 the LDB oversees retail operating agreements with:

- 145 Rural Agency Stores
- 25 Consignment Agency Stores
- 290 Licensee Retail Stores
- 96 Private Wine Outlets

For fiscal year 2001/02, the LDB, led by a general manager and an executive team, was a special operating agency under the Ministry of Competition, Science and Enterprise. For performance planning and financial management, the LDB reports to the Crown Agencies Secretariat.

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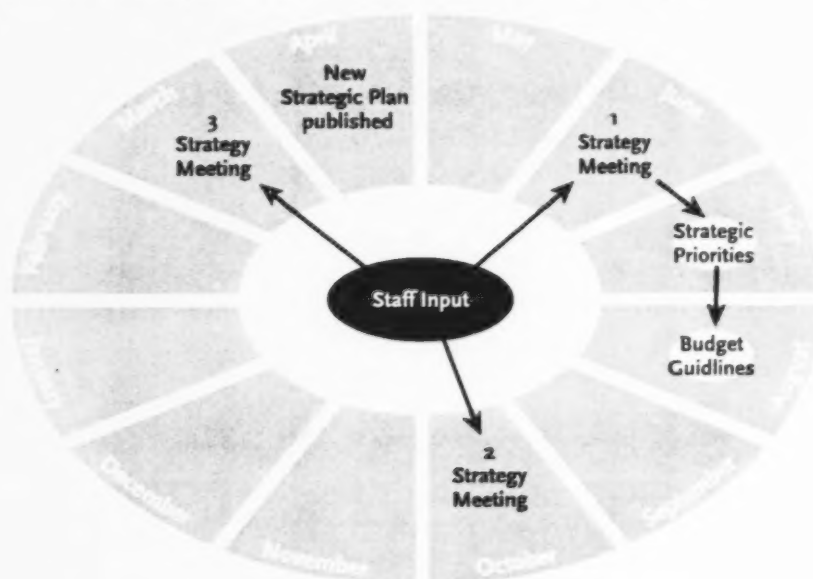
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Strategic Planning Process

At the beginning of each fiscal year, the LDB publishes a new strategic plan. Each new plan reflects a three-year time horizon. In other words, it addresses the fiscal year in which it is published and the following two fiscal years.

Each new strategic plan is developed over a one-year period. When one version of the plan is published, work begins on the next version. The yearly process of developing any given plan entails a cycle of meetings involving the Executive Management Committee and other senior managers.



Each year, activities at several levels must occur to produce a new plan. These include:

- Progress toward attaining goals and objectives in the current plan is tracked and measured.
- The environmental scan is updated. The scan is an assessment of the various internal and external factors that may drive the business of the LDB forward or represent challenges to the achievement of business goals.
- Goals, objectives, targets and measures are refined or new plans are developed.

A strategic plan serves several important purposes. First, the fundamental purpose of a strategic plan is to develop management's intent regarding the strategic direction of the organization. It must also serve as the guide to the implementation of management's intent. In this regard, a strategic plan should be used as a weekly, monthly and quarterly management tool to follow up, monitor and measure progress.

Second, a strategic plan serves to focus the organization. Ninety per cent of a company's activities will directly or indirectly support the strategic direction outlined in the plan.

Third, in the case of government agencies, a strategic plan also serves as a report to government and the public regarding what the company intends to achieve and how it will achieve it.

In order to realize these purposes, three essential and interrelated factors must be present in the planning process and rigorously applied:

- **Alignment**

Plans and policies developed by departments and work units must be in alignment with the corporate strategic plan.

- **Metrics**

For each objective in the plan there must be specific, verifiable measures and performance targets that must be tracked during the plan's execution.

- **Accountability**

An individual must be identified to be responsible for each objective in the plan. Quarterly reports on progress are required.

STRATEGIC CONTEXT

Mission

A mission statement for any organization should answer the question "Why are we here?" In other words, it is an expression of the organization's purpose or reason for being. The LDB's mission is:

To be a customer-focused, profitable and socially responsible retailer of beverage alcohol, and to impartially administer the distribution and sale of beverage alcohol in the province of British Columbia.

Values

A set of values describes the principles and beliefs of the organization and establishes the behaviours the organization wishes to demonstrate. The LDB subscribes to five core values that we seek to demonstrate in all our day-to-day activities with customers, suppliers and fellow employees.

- **Integrity**

We take responsibility, and are fully accountable, for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.

- **Quality of Service**

We take pride in the quality of our work. We strive for excellence in serving customers and co-workers.

- **Mutual Respect**

We recognize, support and appreciate others. We value their opinions even when they do not coincide with our own. We respond promptly to requests.

- **Teamwork**

We recognize that by working together, within and across departments and work groups, we achieve more. We work together as a team in a spirit of cooperation and community toward our common goals.

- **Change**

As a progressive retailer, we embrace change. We encourage our people to find innovative and creative ways of doing things, and enhancing and reconfirming their value to the organization.

Vision

Most business organizations are guided by a vision which addresses the question "What do we want this company to be like in three to five years?" The LDB's vision is:

The British Columbia Liquor Distribution Branch will be recognized as a truly superior retailer in each of the communities it serves. We will achieve this through the provision of quality products, services and modern technology. Relationships with customers and stakeholders will be a priority at every level. We will constantly strive for the greatest possible value for our people, customers and stakeholders.

**The External
Situation**

Government Direction

The government of British Columbia has outlined a new vision for the public service and an aggressive agenda for change. The government plans and objectives that will drive strategic change at the LDB include: a more accountable and transparent government; the reduction of red tape; expanded electronic government and e-business to facilitate public access to services; and a reduction of operational costs through shared services. Every ministry, agency and Crown corporation is undergoing, or will soon undergo, a core services review to determine its essential functions and their future program delivery.

The minister responsible for the LDB has outlined a broad vision for the LDB's future: (1) to improve efficiencies in the distribution and retailing of beverage alcohol; and (2) over time, to move toward retail pricing in British Columbia that is more competitive with neighbouring jurisdictions, without eroding the viability of industry groups or the LDB.

The Provincial Economy

The United States continues to experience an economic slowdown and global economic conditions have weakened. British Columbia's economic performance has been mixed with one or two sectors growing and most others performing less than forecast a year ago. Most economists now forecast that global economies will continue to slow well into 2002. Although some effect will inevitably be felt in the consumer-spending domain, the beverage alcohol industry does not usually fluctuate as much as the rest of the retail sectors when economic activity changes. In light of the province's slow economic growth, revenue from alcohol sales will continue to be a key source of government income in British Columbia.

The Retail Picture in Canada

The early months of the new millennium continue to challenge Canadian retailers, particularly in the aftermath of the information technology downturn and the events of September 11, 2001.

The Conference Board of Canada predicted that economic growth would slow in 2001 and 2002, but the economy would not descend into a recession. In June 2001, the Board reported that online purchasing by business had doubled in the previous 12 months and that consumer confidence in British Columbia during the second quarter of 2001 rose to levels not seen in more than a decade.

In the aftermath of September 11, the J.C. Williams Group predicted that most Canadians would become more focused on family and tradition. Video rentals and sales, and sales of home electronics, may witness increased consumer spending as people choose to spend time "cocooning" at home. The

company also anticipated a return to values and products that instill strong brand confidence. This suggests that consumers may choose to drink beverage alcohol more frequently at home, rather than in licensed establishments.

Customer Profile

The beverage alcohol market in British Columbia includes the LDB's network of liquor stores, the private sector retail network and licensed premise sales. The chart below provides a graphic representation of the public and private sale of beverage alcohol in the province.



The needs of retail and wholesale customers are constantly changing as demographics shift, new trends evolve and economic factors change. The range of outlets selling beverage alcohol influences customers' buying habits and preferences. A customer may shop at a liquor store and have an expectation of what products and services are provided, while a trip to a winery store might be a specific destination with a purchase plan in mind. A licensee retail store (cold beer & wine store) provides neighbourhood convenience, while a brew pub is often a selected destination. The options are broad and include almost 800 retail locations and more than 7,000 licensed establishments where customers can purchase beverage alcohol in British Columbia.

The LDB continues to see a "premiumization" of beverage alcohol sales in which customers drink less, but drink better. Today's consumer often shops the world, experiments with different product categories, and is very knowledgeable about wine, beer, refreshment and spirit products.

Currently, trends do not appear to be changing from the previous two to three years. Continued interest in red wines, the ongoing success of white spirits, discerning customers in the beer category and an evolving refreshment market keep customers experimenting and support the sale of beverage alcohol in British Columbia.

The British Columbia Population

The total population of British Columbia is expected to increase by about 1.5 per cent in each of the next three years. Each year 35,000 immigrants from all over the world arrive in the province. More important to the beverage alcohol industry is the change in various age groups, as age is key in determining consumption and product selection. During the next three years, while the 20

to 30-year-old age group will remain relatively stable, the 40 to 59-year-old age group will see an increase in size. This may suggest more opportunities for premiumization of beverage alcohol sales.

Perhaps the most important population trend in British Columbia is the increase in diversity and multiculturalism. The most common languages spoken other than English are Chinese (Cantonese/Mandarin), Punjabi, German, French, Dutch, Italian, Tagalog, Spanish and Japanese. To meet the demands and needs of this diverse population the LDB must understand the consumption patterns of various ethnic communities.

Responsible Use of Alcohol

Public awareness regarding alcohol use has changed significantly over the years, leading to an increased intolerance for drinking and driving and heightened sensitivity to Fetal Alcohol Syndrome (FAS), a condition resulting from the abuse of alcohol during pregnancy.

Despite significant recognition of the grave dangers of drinking and driving, recent statistics indicate many Canadians continue to drive after consuming alcohol. Statistics Canada also reports that regular heavy drinking is most common among youth in Canada, despite being under the legal age. The branch will continue to work with industry partners to promote the responsible use of alcohol.

Environmental Impact

In 1998, the Beverage Container Stewardship Program Regulation expanded the deposit-refund system to include all beverage alcohol containers. Under the regulation, the LDB assumed responsibility for the environmental stewardship of all beverage alcohol containers sold in the province with the exception of refillable bottles and cans.

It will be an ongoing challenge for the LDB to comply with these regulatory requirements while maintaining a cost-effective, customer-friendly recovery system that does not adversely affect the retail shopping experience.

External Stakeholders

As one of the larger retailers of beverage alcohol in the world, the LDB is the principal connection between producers and consumers in British Columbia. Regardless of outlet type (i.e., government liquor store, private sector retail store, licensed premise, manufacturer store, etc.), the LDB is involved in the sale of alcohol as the retailer and wholesaler. Consequently, we seek to develop solid relationships with our external stakeholders to make sure that retail programs benefit suppliers, agents, retailers, and—most importantly—customers.

The worldwide beverage alcohol industry saw the continued trend towards consolidation in 2001. Diageo and Pernod Ricard have taken over the Seagram's portfolio. Interbrew, owner of Labatt, continues to acquire breweries around the world, including Bass Brewers and Whitbread Beer in the United Kingdom. Mildara Blass, one of the largest Australian wine companies, renamed itself Berringer Blass early in 2001 after the purchase of the Berringer Wine Estates in California. Vincor, parent company for Sumac Ridge and Hawthorne Mountain Vineyards, announced its purchase of Hogue Cellars in Washington State.

The international consolidation impacts British Columbia as the local agent community shifts to reflect the new international landscape. Long-standing relationships between agents, suppliers and the LDB end, and new relationships are started.

Throughout the changes, the branch continues to seek input from our external stakeholders to improve our policies, procedures and retail operations in order to provide the greatest possible value to our partners and customers.

U-brewn and U-vins

U-vins and U-brewn provide the facilities, equipment and ingredients for patrons to make wine, beer, cider and coolers. Approximately 350 of these establishments exist in British Columbia, which, since April 2000, have been licensed by the Liquor Control and Licensing Branch of the Ministry of Attorney General. According to production reports submitted by U-vins and U-brewn, they account for 22 per cent of known wine consumption, four per cent of known cider and cooler consumption and 1.5 per cent of known beer consumption.

In addition to products made through U-vins and U-brewn, an unknown quantity of wine, beer, cider and coolers is made in people's homes.

Technology

Certain aspects of technology are becoming more affordable, and access to these technologies is increasing. This in turn provides new opportunities.

Information is becoming less historical in nature, and it is becoming possible to make immediate adjustments with less editing to "real time" data before providing it to decision-makers.

Advances in various e-business applications are permitting greater collaboration between organizations and their partners. This means that companies and their suppliers are able to share forecasts and planning information more readily than in the past.

Although the costs of certain technologies are decreasing as they become more mainstream, the overall operating costs of information technology are rising due to the increased amount of technology required to operate a business and the costs to support the resulting infrastructure.

The Internal Situation

Financial

Sales for the LDB for fiscal 2001/02 are estimated at \$1.77 billion with net income projected at \$627 million*. This represents a decrease of \$15 million in net income from the previous year. This is attributable to:

- a decrease of \$10 million for expense refunds included in the prior year's net income;
- a decrease of \$11 million for expensing this year's portion of the new Retail Management System; and
- an increase of \$6 million due to sales increases.

With the introduction of the beverage container and credit card programs in fiscal 1997/98 and 1999/2000 respectively, operating expenses have increased at a greater rate than net income. The LDB will continue to work towards reducing operating expenses and improve on previous years' performance in the upcoming years. This will be particularly challenging over the next few years. The LDB will need to streamline processes, while updating and maintaining its technology and information systems. At the same time the branch must contribute to the overall government mandate of a balanced budget in fiscal 2004/05.

As noted in the customer profile section of the external situation, customers appear to be buying more premium products with little increase in consumption. The effect of this shift to more expensive products is having a positive effect on the branch's net income.

Year	(\$ millions) Sales	(\$ millions) Operating Expense	(\$ millions) Net Income	Net Income as a % of Sales	Operating Expense as a % of Sales
96/97	1,540	164	587	38.12	10.65
97/98	1,594	166	606	38.02	10.41
98/99	1,641	178	616	37.54	10.85
99/00	1,663	189	617	37.10	11.37
00/01	1,719	199	642	37.34	11.58
Forecast 01/02	1,770	224	627	35.42*	12.66*
Budget 02/03	1,803	232	640	35.50*	12.87*

*As explained above

*Budget subject to Core Services Review

Our People

In a continually changing economy, organizations that are able to predict, adapt and meet those demands will remain viable and profitable. Change can be difficult and challenging, but it is here to stay. To survive we must understand, embrace and learn to use it to our advantage. The LDB recognizes that a critical component to meeting the challenge of change and achieving overall business success is our people.

Currently, due to external and internal forces, the LDB is facing major change in retail and business processes, technology, diversity, continuous learning and performance enhancement.

Our challenges include an aging workforce that will be retiring over the next few years and a need to get more done with fewer resources. We must work to continually improve and support our employees' development, health and safety. Fewer resources mean that the employees who remain and those who join our organization must be highly competent, reliable, diverse,

creative, service-oriented and innovative. Across the entire economy, jobs are becoming more knowledge-intensive.

Our workforce's understanding of changing market demographics and the resulting business potential, and new and emerging market opportunities for current and prospective products and services, is essential. This challenge becomes an opportunity to develop, deploy, retain and attract key talent. Talent has everything to do with how sustainable, progressive and profitable a company is or becomes. By investing in our people, promoting new perspectives, ideas and insights, the LDB will achieve our vision of being a truly modern, customer-driven retailer.

Organizational Culture

The LDB has been growing and transforming over the last several years, from a regulator of liquor sales to a progressive retailer of beverage alcohol. LDB executive, mid-management, supervisors and staff have been working toward change and growth as individuals and as teams, and focusing on initiatives that strengthen our position as a responsible, customer-focused community retailer. We must continue to transform our culture to that of a dynamic, competitive and responsible retailer.

Technology

A number of information technology projects are required to address business needs in the areas of infrastructure, application, network, security and data. Efforts are being made to further align technology to the LDB's business operations through strategic, budget and business planning processes.

The LDB is investing in essential applications and supporting infrastructure to provide efficient service to our customers and business partners. By using mainstream technologies that fit within our architecture and standards, the branch is also identifying and eliminating unnecessary steps and activities that can be simplified and automated.

Business technology decisions will be guided by the LDB's targeted architectural standards. The benefits will assist with system integration, ease of maintenance, support and related costs.

The LDB is examining how it collects, organizes, processes, stores and presents information so that the Information Services department creates value to the organization through risk management, more efficient processes, better products and services and innovation. The branch is also improving the quality and quantity of information to enhance decision-making.

In addition, the LDB is identifying, analyzing and implementing relatively new technologies where appropriate, including using Internet, wireless technology, remote access and enterprise storage solutions.

Stores

The LDB operates 227 liquor stores throughout the province. The store network is the aspect of the LDB that the public and licensees regularly encounter and is the part that is fundamental to the LDB's success.

Stores are situated to provide customers with convenient shopping. To achieve this goal, the LDB regularly reviews store locations and performance to determine if stores are still in the most appropriate locations and whether additional stores are required.

Store design (interior and exterior) is intended to provide customers with a welcoming and pleasant shopping environment. The LDB has developed a new design scheme that is being implemented as stores are renovated and as new stores open. The public, licensees, suppliers and agents have responded positively to the new "look" of LDB stores.

New locations, expiring leases and relocations expose the LDB to the increasing leasing costs typical of the Vancouver and Victoria areas. The branch continues to work at controlling these costs; however, it will be an ongoing challenge to do so, while maintaining existing standards for the store network.

Environmental Programs

Although the LDB beverage container recycling program has been successful in recycling 85 per cent of containers sold, the large volume of returns has put pressure on LDB stores and has resulted in significantly higher operating costs.

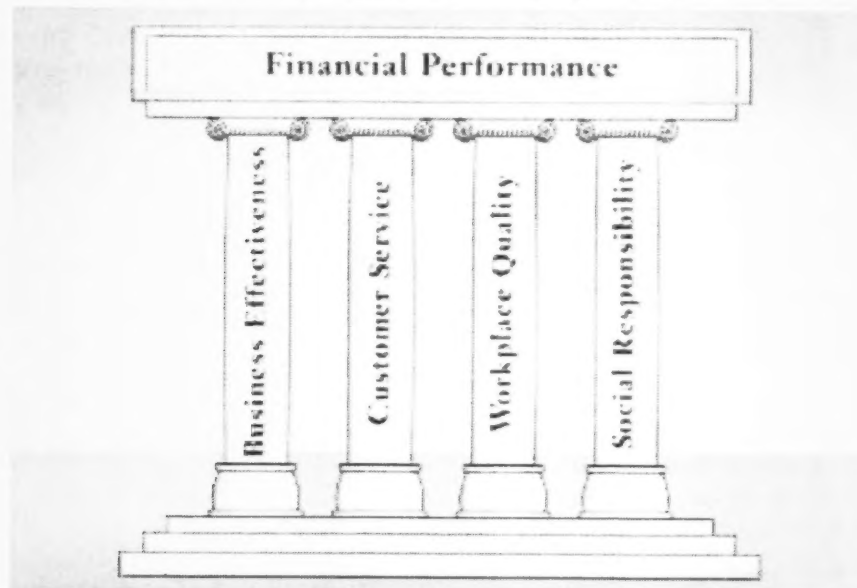
In October 2001, the LDB entered into a relationship with Encorp Pacific Ltd. to provide approximately 160 bottle depot locations where customers can return containers in the LDB's stewardship program for a full deposit. We anticipate this expansion in bottle depots will help reduce the volume of containers returned to LDB stores. The branch will continue to explore measures to encourage customers to return containers through bottle depots and other available channels.

The LDB has been managing the costs of beverage container recycling by contracting with service providers through competitive bidding processes. Despite this, the branch's recycling costs have continued to increase due to higher return rates. To lessen the effect of container recycling on LDB net revenues, we will need to review our cost recovery mechanisms. The LDB must also continue to improve the management of other waste and recyclable materials generated through operations.

STRATEGIC DIRECTION

The Four Pillars Framework and our High Level Goals

For eight years, the Liquor Distribution Branch has organized its strategic priorities and key objectives around the concept of four pillars that serve as the foundation for all LDB initiatives. Overarching these four pillars is our monetary contribution to the province of British Columbia, our financial goals and objectives. The goal and objectives comprise our real return on investment to our shareholders—the government and the people of British Columbia.



The LDB has one high level financial goal and one high level goal for each of the four pillars. They are:

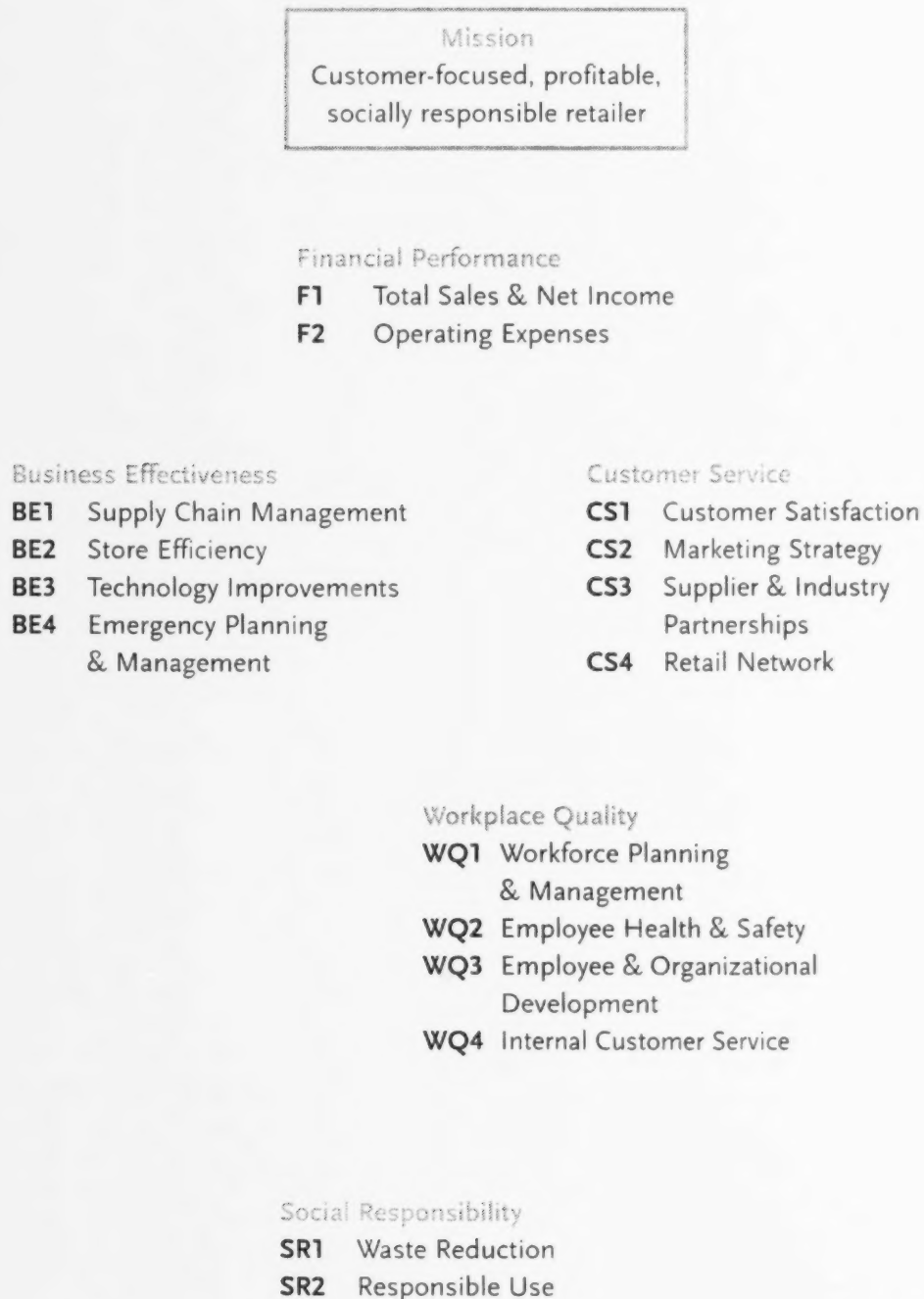
Financial Performance

Attain and maintain a net income of 38 per cent of annual gross sales.

Customer Service	Business Effectiveness	Workplace Quality	Social Responsibility
Understand and meet the needs of our retail customers, business partners, and internal customer by having the right product or service in the right place at the right time, delivered by friendly, courteous and knowledgeable staff.	Manage internal business practices in a climate of continuous improvement, operating efficiencies and value added.	Employ a workforce of motivated and satisfied employees who pull together effectively in groups and teams and who are confident that their work environment is safe.	Achieve recognition in the industry and community in the promotion of responsible drinking and as an organization that is reducing its impact on the environment.

High Level Strategy Map

This chart shows the inter-relationships between our mission, our pillars and goals and the specific objectives supporting the goals. It is intended to suggest that there is a considerable amount of cause and effect between the various pillars, objectives and our mission. For example, achievement of our Social Responsibility objectives facilitates the attainment of our Workplace Quality and Business Effectiveness objectives and directly influences accomplishment of our mission.



Objectives, Measures & Strategies

The LDB's 2001 - 2004 strategy (the previous version of this plan) contained 23 objectives and over 85 measures. To create a more strategic focus, this plan consolidates a number of objectives. It now contains 16 objectives that are described in the following pages.

**Objective
F.1**

Achieve the revenue and net income targets as indicated below for each of the three fiscal years addressed in the plan.

Measure	Target
Total Sales	Fiscal 2002-03: 1.80 billion
	Fiscal 2003-04: 1.83 billion
	Fiscal 2004-05: 1.84 billion
Net Income	Fiscal 2002-03: 640 million
	Fiscal 2003-04: 650 million
	Fiscal 2004-05: 650 million

* Budget subject to Core Services Review

Operating Expenses*

Objective F.2

Manage operating expenses to the levels indicated below for each of the three years addressed in this plan.

Measure	Target		
	Fiscal 2002-03	Fiscal 2003-04	Fiscal 2004-05
Salaries	137.1 million	141.8 million	143.0 million
Rents	25.2 million	25.7 million	26.2 million
Professional Services	4.9 million	3.4 million	3.4 million
Amortization	18.6 million	19.7 million	20.3 million
Merchandising	2.4 million	2.3 million	2.3 million
Bank Charges	7.6 million	7.6 million	7.5 million
Data Processing	3.4 million	3.3 million	3.3 million
Other	32.8 million	31.9 million	32.1 million
Total	232.0 million	235.7 million	238.1 million

* Budget subject to Core Services Review

**Objective
CS.1**

Attain and maintain a customer satisfaction rate of 90 per cent, for government liquor stores, as measured in part by customer surveys administered in a cross section of stores.

Note: This consolidates objectives CS2 & CS3 in the 2001-2004 Plan.

Measure	Target
Retail Customer Survey Results	90% satisfaction
Wholesale Customer Survey Results	85% satisfaction

Strategy

- For retail customers, the LDB will distribute surveys through store handouts two times for every Government liquor store in the system over the three-year period addressed in this plan. Surveys will be tabulated and stratified by a research firm and the results evaluated and communicated to area manager, store managers and other stakeholders for appropriate action.
- Wholesale customers* will be surveyed one time during the three-year period of this plan (spring of 2002). Survey data will again be processed and communicated for action as above.
- Managers at all levels will continue to emphasize excellent customer service through day to day direction and guidance, mentorship and training.

** Wholesale customers are: Rural Agency Stores, Private Wine Stores, Cold Beer & Wine Stores, BC Licencees and the Yukon, Nunavut and Northwest Territories*

Objective CS.2

Objective CS.2 – Develop and implement an integrated marketing plan, including identifying and meeting the needs of the diverse and multicultural clientele we serve.

Note: This consolidates objectives CS.1 and CS.7 in the 2001–2004 Plan.

Measure

Research to define target markets

Detailed plan developed and implementation commenced

New (Outcome) Measures to be developed when plan is in place

Target

Research completed and documented by December 2002

Documented plan in place by March 2003
Ready for implementation

Strategy

- During calendar 2002, the LDB will engage in research to better define our various markets and market niches, focusing particularly on the demographic and ethnic considerations and preferences.
- Based upon research findings, the branch, led by the Merchandise Services group, will review business practices and processes to identify opportunities for enhancing customer service to multicultural groups. They will result in developing the most appropriate mix for the different markets and niches.
- Meanwhile, the LDB will continue to conduct in-store multiculturalism promotions aimed at ethnic community celebrations.

Objective CS.3

Continue to develop proactive and constructive business relationships with industry partners to maximize profitability and customer service.

Note: This replaces objective CS.4 in the 2001-2004 Plan.

Measure	Target
Meetings with industry groups	Minimum of twice per year for the following associations: * IVSA WBA ACD BCWI BCLLRA BCYHA BCRFSA
Meetings with individual suppliers and other industry associations	As requested
Product portfolio adjustments	Biannual review, analysis and adjustment
Joint category management initiatives	Minimum of three per year

Strategy

- During the next two years, the LDB will re-examine the structure of its industry partnerships with a view toward strengthening our relationships with suppliers and other industry partners.
- The LDB will continue to facilitate joint supplier-LDB committees to constructively address issues of mutual concern.
- The branch is committed to working with the industry to ensure a productive and profitable portfolio.
- The LDB will convene an annual industry forum, in the spring of each year, to review the previous years' operational results.
- On an ongoing basis, the branch will review operational and administrative practices with a view toward reducing red tape.

❖ Legend

IVSA	Import Vintners and Spirits Association
WBA	Western Brewers Association
ACD	Association of Canadian Distillers
BCWI	BC Wine Institute
BCLLRA	BC Liquor Licensee and Retailers Association
BCYHA	BC & Yukon Hotel Association
BCRFSA	BC Restaurant & Food Service Association

Objective CS.4

Continue to support and develop a network of retail operations which will maximize customer service, create interesting shopping experiences and ensure appropriate accessibility of product in a variety of locations.

Note: This replaces objective CS.5 in the 2001-2004 Plan.

Measure

Renovations, relocations and/or new locations for GLS's

Comprehensive retail strategy

Target

Fiscal 2002-03: 12

Fiscal 2003-04: 14

Fiscal 2004-05: 16

Strategy in place by end of fiscal 2003-04

Strategy

- Over the course of the next two years, the LDB will seek to identify and take advantage of opportunities to improve the retail network in British Columbia in such a way as to enhance product accessibility and better serve the needs of beverage alcohol consumers.
- The LDB will explore opportunities to share successes in the areas of category trends, sales information, regional demographics and planogram presentation with all interested retail network partners.
- We will continue to identify and evaluate retail opportunities within the province and determine how best to serve the customers.
- We will continue to modernize the chain of BC Liquor Stores through renovations, relocations and new openings.

Note

The notion of a *Network of Retail Operations* refers to the combination of retail liquor outlets (GLS, Rural Agency Stores, Private Wine Stores, Cold Beer & Wine Stores) in total. Thus, a *comprehensive retail strategy* to be in place by the end of fiscal 2003-04 (March 2004) will seek to optimize the availability of beverage alcohol through the combination of outlets.

Objective BE.1

Continuously ensure that the right products are in the right place at the right time and in the appropriate quantity to meet or exceed our customer expectations.

Measure	Target
In stock (core products) in the Distribution centres	100% per year
Inventory turns	Meet or exceed 14 turns per year
Qualitative Inventory levels of core products in stores	100% of product available
Qualitative Stockout reports by area managers, industry partners or customers	No reports of GLS shelf stockouts of core products

Strategy

- The LDB will continue to work closely with industry partners to ensure sufficient supply of core products and continue to intensively manage stock levels of core products on a daily basis.
- Area managers will closely monitor and report stockouts via weekly flash reports.
- The branch will continue diligent management of SKU activity within the marketplace as it relates to promotions, added value and price activity.
- The LDB will use information provided by its new data warehouse project to further improve supply chain management.

**Objective
BE.2**

Attain and maintain a 100 per cent efficiency rating for the LDB store system as a whole.

Note: This replaces objectives BE.5 in the 2001-2004 Plan.

Measure	Target
Store efficiency	100%
Store employment costs as a percentage of sales	7.5%

Strategy

- On an ongoing basis, all store managers will forecast labour and sales to achieve budget targets.
- Store managers and area managers will continuously evaluate results (profit and loss data, inventory turnover, etc.) to identify and act on opportunities for improvement.
- Once fully installed, the LDB will review business practices associated with the new Retail Management System (RMS).
- During 2002, Retail Operations will implement appropriate recommendations from a study aimed at developing a new store efficiency system.

Objective BE.3

Continuously plan and implement business applications and provide supporting infrastructure to fulfill branch needs and position the branch for the future.

Note: This consolidates objectives BE.2, BE.3, BE.4 and BE.6 in the 2001–2004 Plan.

Measure	Target
Enterprise Business Intelligence (Data Warehouse) Project	Fiscal 2002-03: Release 2 - Store Labour & Inventory and Release 3 - Warehouse Labour and Inventory implemented Fiscal 2003-04: Release 4 implemented
E-Business	Fiscal 2002-03: Infrastructure implemented
Peoplesoft Applications (PPIIMS and GL)	Fiscal 2002-03: Version 8 (Web enabled) implemented
Data Collection and Reporting	2003-04 - Completed
Costing and Pricing	2003-04 - Completed
Single Business Number	2003-04 Integrated in our system

Strategy

- The LDB's Information Services department will maintain strategic partnerships with business units to develop and deliver technology solutions which enable business efficiencies and services.
- Information services will continuously align its efforts to the business units of the LDB through the strategic management, budget, business planning and project initiation processes.
- The LDB is committed to exploring IS solutions and business efficiencies between government systems and shared services.

Emergency Planning & Management

Objective BE.4

Objective BE.4 – Establish and maintain an emergency planning and management framework for the branch. Periodically exercise and test a family of coordinated emergency response and business continuity plans.

Note: This replaces objective BE.7 in the 2001-2004 Plan

Measure

Emergency Management Program

Target

Fiscal 2002-03:
Procedures tested twice in
March & September
Fiscal 2003-04:
Procedures tested twice in
March & September
Fiscal 2004-05:
Procedures tested twice in
March & September

Business Continuation Planning

Fiscal 2002-03:
Plans finalized by June
Fiscal 2003-04:
Plans tested (June) reviewed and
updated (September)
Fiscal 2004-05:
Plans tested (June) reviewed and
updated (September)

Product Recall Protocols

Fiscal 2002-03:
Protocol finalized (April) and
tested (October)
Fiscal 2003-04:
Protocol finalized (April) and
retested (October)
Fiscal 2004-05:
Protocol finalized (April) and
retested (October)

Strategy

- Comprehensive training, including practice drills will be conducted in March and September of each year. Emergency procedures will also be tested through the use of tabletop exercises and test scenarios.
- Business continuation planning and training will be completed for all staff in June 2002. Business continuation plans throughout the LDB will be retested in June 2003 and in June 2004 and will be reviewed and updated following each test.
- The product recall protocol will be finalized in April 2002 and tested in October 2002. It will be reviewed and retested in October 2003 and October 2004.

Workforce Planning & Management

Objective WQ.1

Ensure that corporate needs are met by continuously planning for and attracting highly qualified and motivated people. In doing so, we must foster an environment that reflects the principles of diversity, equity, continuous learning and customer service.

Note: This replaces and consolidates objectives WQ.3 & WQ.4 in the 2001–2004 Plan

Measure	Target
Workforce Planning Strategy	Strategy in place by Dec. 2002
Succession Planning Process	Developed and in place by Dec. 2002
Retirement Planning Process	Implement and communicate by April 2002
Career Path Process	Preliminary scope developed by March 31, 2003
Diversity & Equity	
Number of Employees Trained	Fiscal 2002-03: 580 Fiscal 2003-04: 580 Fiscal 2004-05: 580
Representation of visible minorities among regular employees	Increase 2.5% over 2001 baseline by end of Fiscal 2002-03
In-house communications	Articles in 50% of issues

Strategy

- The LDB will develop and implement a workforce planning process during 2002.
- The branch will develop and implement a succession planning process by December 2002, and fully implement and closely monitor the LDB retirement planning process.
- We will develop and implement a career path process by March 31, 2003 to support this.
- We will continue to deliver comprehensive training and continuously inform employees and equip managers to maintain a competent and motivated workforce.
- The LDB will conduct outreach recruitment activities to qualified people who reflect the diversity of the communities we serve.

Objective WQ.2

Continue to manage effective corporate safety and health programs to promote workplace safety, provide a safe work environment and to achieve reductions in leaves.

Note: This replaces and consolidates objectives WQ.1 & WQ.2 in the 2001 – 2004 Plan

Safety

Measure

Target

Completion of Annual Safety Inspection/Audit

100% annually by end of 1st quarter

Monthly Safety Inspection Meeting

100%

Strategy

- An inter-departmental committee will meet on a quarterly basis to review the progress of the business plan.
- A data reporting system will be developed by April 1, 2002 and a pilot group of store managers will be trained in and implement the system by April 30, 2002.
- Area Managers will complete an annual audit of reported safety inspections and safety meetings by March 31st each year.
- An annual report of compliance activity will be issued for each year.
- Corporate Safety personnel and Regional Trainers will continue to deliver the LDB ergonomic audit and assessment program.

Health

Measure

Target

STIP Claim Costs

Not more than 3.99% of Payroll

WCB Claim Costs

Not more than .45% of payroll

Strategy

- The Corporate Health unit will provide quarterly and year-to-date leave usage reports to each operational area manager/director.
- The Corporate Health unit will assess, develop and deliver program and training to support line management in managing employee illness and injury leaves on an ongoing basis.
- The Claims unit will maintain a STIP entitlement audit program and line managers will ensure compliance in accordance with government policy and the Collective Agreement.
- The LDB Kinesiologist and regional trainers will continue to deliver the "All The Right Moves" program.
- The Rehabilitation facility in Head Office will be opened to treat at risk or injured employees.

Objective WQ.3

Continuously develop our people and our work processes in order to maximize organizational performance and effectiveness.

Note: This replaces and enlarges upon objective CS.6 in the 2001–2004 Plan

Measure	Target	
Framework for the evaluation of training	Developed by Sept. 2002	
Framework for distance learning	Developed by Dec. 2002	
Framework for competency profiles	Developed by March 2003	
Total number of person/days of training in Management Development and Customer Service programs		Management Development
		Customer Service
	Fiscal 02-03:	1400
	Fiscal 03-04:	1400
	Fiscal 04-05:	1400
		1000

Strategy

- The LDB will continue to develop, deliver and evaluate training programs and initiatives, which support LDB vision and strategic objectives, by:
 - Developing a framework for the evaluation of training effectiveness by the end of September 2002.
 - Developing a competency profile framework by the end of December 2002, and
 - Developing a framework for distance learning by March 2003.
- The LDB will continue to develop, refine and align both customer service and leadership/management-related training and development in support of strategic objectives. This includes the delivery of the following programs or courses: Product Knowledge, Progressive Retailing, Store Manager Development Program, Assistant Manager Training Program, Distribution Supervisor Training Program, Principles of Supervision.
- The LDB will maximize the use of regional trainers and the in-store trainer network to deliver training in a cost effective and efficient manner.
- Organization Development (OD) practices and skills will be utilized to promote and facilitate optimal organizational effectiveness within the LDB.

**Objective
WQ.4**

Continually develop and promote internal customer service standards and behaviours to foster our corporate values in all business interactions between departments, among employees and with customers.

Note: This replaces objective WQ.5 in 2001-2004 Plan.

Measure

Internal Customer Satisfaction Survey

Target

Fiscal 2002-03:
Baseline established and improvement target set
Fiscal 2003-04:
Improvement target to be determined
Fiscal 2004-05:
Improvement target to be developed

Strategy:

- Through management emphasis and awareness training, the LDB will continue to emphasize the daily practice of a set of standards and behaviours, which reflect our corporate values.
- Departments, teams and work groups will be encouraged to develop and emphasize more specific standards and behaviours relative to the services they provide to their internal customers.
- A survey mechanism will be developed during fiscal 2002-03 to continually monitor and measure standards and behaviours.

Objective SR.1

Reduce the environmental impact of LDB operations by administering a safe, cost effective beverage container return system that meets regulatory requirements without adversely affecting the retail shopping experience. Reduce the environmental impact of other waste generated through branch operations.

Containers

Measure

Target

Minimum annual container return rate

85%

Diversion of LDB store return volume to bottle depots

50%

Strategy

- The LDB will continue to monitor and promptly address health and safety issues associated with the return program.
- Implement education programs to inform customers about the option of returning containers through bottle depots and other available channels.

Other Waste

Measure

Target

Reduction of waste in retail stores, distribution centres and head office

Will be determined upon completion of audit of current environment by contractor by March 31, 2002

Reduction in waste management costs to LDB

Will be determined upon completion of audit of current environment by contractor by March 31, 2002

Strategy

- By June 2002 review audit and propose options/recommendations to LDB Management.
- By September 2002, LDB will conclude on an implementation schedule in conjunction with contractor.
- Third and fourth quarter strategies to be determined based on previous deliverables.

Responsible Use of Beverage Alcohol

Objective SR.2

Continue to encourage and support the responsible use of beverage alcohol through LDB alcohol awareness campaigns and initiatives.

Measure

Public Awareness as measured by focus groups and/or customer service surveys

Service Refusal Tracking

Target

80% of respondents report awareness of social responsibility messaging (baseline established in 2001-02)

Fiscal 2002-03:
Develop and implement tracking system
Fiscal 2003-04:
Quarterly monitoring

Note: These measures and targets have been refined based on our experience with the 2001-2004 Plan. The baseline figure for public awareness was 75 per cent in 2001. Hence the 80 per cent target represents a sought 5 per cent improvement.

Strategy

- The LDB will continue to monitor public feedback on alcohol awareness initiatives in stores through customer service survey results.
- Existing programs, including monthly in-store alcohol awareness campaigns, distribution of material on alcohol and pregnancy and the Safe Ride Home program will continue.
- We will re-launch the Dry Grad campaign in February 2003 to help support local school districts in providing safe, alcohol-free celebrations for graduating youth in British Columbia.
- New established baseline will be used to monitor the refusal of service to intoxicated or underage customers.

Summary

As we move forward in 2002, we are ready to embrace the challenges that the year, and the next three years, will bring. Our corporate strategy is our best prediction of what we can achieve over the next three years and how we can best respond to the changing needs of our customers and the communities we serve. In our service plan, we have created the momentum for ongoing growth and improvement with objectives that are measurable and accountable. At the same time, we will maintain the flexibility to respond to the shifting marketplace and our customers' evolving expectations. We look forward to a productive and rewarding three years.

